payments which is a natural consequence of large drawing required for developmental expenditure and on expenditure defence preparedness. Increase is also attributable to Police, pensions and Subsidies. Excluding these items the other non-plan expenditure show decelaration which is an indicator of Government's endeavour to keep non-plan expenditure to minimum necessary. A number of measures to reduce non-plan expenditure has been taken, which includes containing growth in establishment, curbs on travel expenses, entertainment, inessential seminars, conference, Publications, purchase of furniture/furnishings, fuel consumption etc.

Directions Issued after Securities Irregularities

1441. SHRI MURLIDHAR CHANDRAKANT BHANDARE, Will the Minister of FINANCE be pleased to state:

(a) the directions issued by Government in the aftermath of the Securities Irregularities;

(b) how far these have been implemented by the Financial Sector; and

(c) the details of the steps taken to regularise the working of the Stock Exchanges in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) Government and Reserve Bank of India have taken a number of measures in the aftermath of revelations of irregularities in securities transactions. Directions/guidelines were issued for revitalising internal control system for monitoring securities transactions for positioning audit system for audit of such transactions. Banks were also asked to formulate investment policies and get them approved by their respective Boards. Ready forward transactions were permitted only between banks and that also exclusively in Treasury Bills. Subsequently inter-bank ready forward transactions have been permitted in specified Government securities including Treasury Bills are strictly prohibited. All transactions in Government securities are to be put through SGL account only and penalties have been prescribed in case of bouncing of SGL forms. Bank Receipts can only be issued for non Government securities in respect of transactions in banks own investment accounts. Issue of BRs is prohibited. All transactions in Government securities are to be put through SGL account only and penalties have been prescribed in case of bouncing of SGL forms. Bank Receipts can only be issued for non Government securities in respect of transactions in banks own investment accounts. Issue of BRs is prohibited on the basis of a BR held by a Bank. The role of the brokers has been restricted and the brokerwise limit for securities transactions have been stipulated for each Bank.

Banks have been advised to appoint compliance officers who would be treated as 'nodal agency' to coordinate and ensure that important instructions of the bank, Reserve Bank of India/Government of India are complied with. System of concurrent audit has been introduced and banks have been advised to cover atleast 50% of the Banks' business operation. Statutory Auditors' role is also being enhanced and the format of the Long Form Audit Report (LFAR) has been suitably revised so that the Statutory Auditors are able to highlight relevant deficiencies in the operations of banks particularly in the advances and investment portfolio. The system of obtaining LFAR from Statutory Auditors which was earlier followed only for public sector banks has been extended to private sector banks and Indian Offices of foreign banks with effect from the accounting year ended on 31-3-1993.

Reserve Bank of India has also issued instructions to its Regional Offices for looking into compliance aspect vis-a-vis the major and important instructions/directives of the Reserve Bank of India during the course of inspection of banks. Inspection system of RBI has been modified for providing for a more detailed and focussed annual financial inspection for the

public sector banks. For the private sector bank and foreign banks, periodicity of these inspections has been initially kept as 18 months.

RBI has also set up a Market Intelligence Unit so as to have access to advance informal information or signals regarding irregularities in the market. Operatons of Public Debt Offices (PDOs) have been computerised at various centres of RBI and instructions have been issued for providing statement of balances under all loans to banks/financial institutions holding SGL accounts on a weekly basis.

For relieving the systemic pressures the over regulated interest rate structure with large pre-emption of resources for Government at low rate of interest has been modified. SLR/CRR have been reduced considerably. Government borrowings are shifted to market related rates and steps have been taken to develop Government securities market. Banks have been asked to prepare medium term corporate plans to articulate the corporate recovery strategies.

Decisive steps have been taken to bring about reforms in the capital market and to improve the functioning of Stock Exchanges through the instrumentality of Securities and Exchanges Board of India. Number of rules and regulations under the SEBI Act have been notified by the Government and SEBI to evolve greater transparency, discipline and investor protection. These include (i) Rules and Regulations for Stock brokers (ii) Regulations on Insider Trading (iii) Rules and Regulatons for Merchant Bankers; (iv) Rules and Regulations for portfolio Managers (v) Regulations for Mutual Funds (vi) Appeal Rules (vii) Rules and Regulations for Registrar to an Issue and Share Transfer Agent and (viii) Rules and Regulations for underwriters.

SEBI has also conducted inspection of most of the Stock Exchanges and deficiencies have been communicated to Stock Exchanges for corrective action. The Governing Boards of Stock Exchange have been modified, broad based and restructured. All Stock Exchanges have made it mandatory for its brokers to indicate the transaction and brokerage separately in the contract notes issued to the clients. Most of the Stock Exchanges have introduced uniform and longer Trader Hours and weekly settlements System for 'B' Group/ Cash Shares. Arbitration, Disciplinary and Defaults committees of Stock Exchanges have been restructured. SEBI is enforcing the rules that brokers should file reports/ audited accounts to the Stock Exchanges within stipulated time. Stock Exchanges have been advised to issue Press Release after the pay-out to enable the investors to collect securities/monies from Brokers immediately. It has been made mandatory that each Stock Exchange should appoint an Executive Director who would be responsible for implementing the orders, guidelines, directives etc. issued by SEBI.

Simplifying Customs Operation of Airport

1442. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to issue any directions and guidelines to the Customs Department to simplify their procedures and system of operation while dealing with passenger and their baggage;

(b) whether it is a fact that even in airport, passengers are served by only a part time assessor, leading to delays in clearance of their baggage;

(c) whether any powers are likely to be given to the Asstt. Collectors to assess and clear baggage in the absence of assessors;

(d) what steps are proposed to be taken to delink clearance of accompanied or un-accompanied baggage of in-coming passengers from the physical presence of customers assessors; and

(e) the details of steps taken to streamline customs operations in all airports and points of entry?